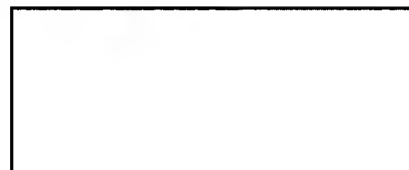


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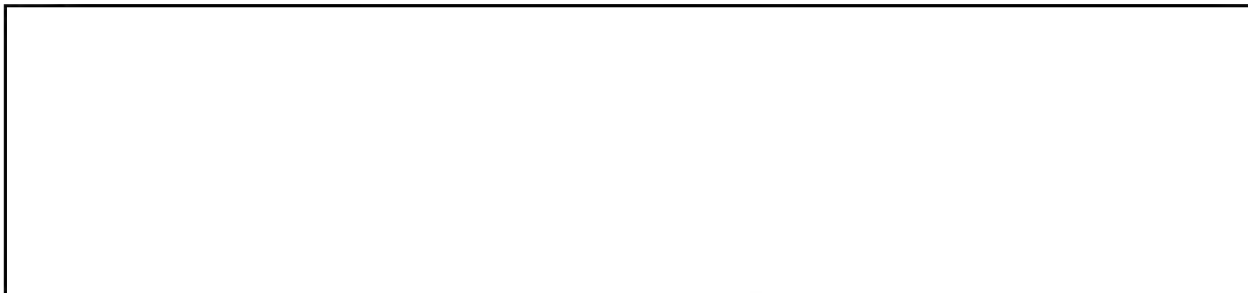
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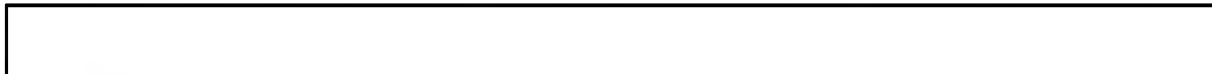
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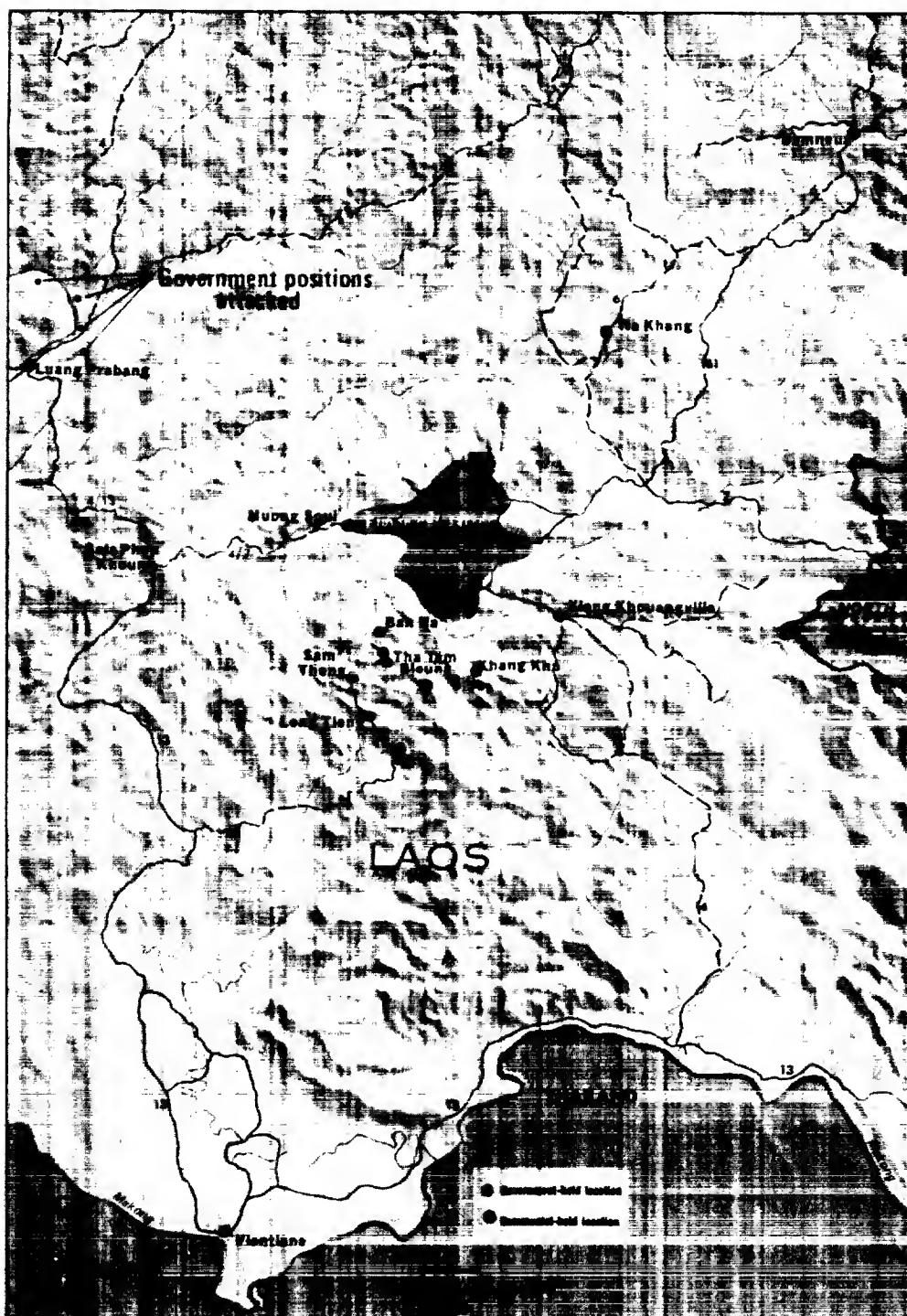


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LAOS: The government has suffered some sharp setbacks in the Luang Prabang area.

Government troops have abandoned a number of defensive positions in the face of a series of coordinated Communist attacks, and at last report fighting was continuing in the mountains just east of the city. Luang Prabang's already threadbare outer defenses are now almost nonexistent. The Communists for the first time this dry season placed rocket fire on the Luang Prabang airfield. Although damage to the field and aircraft was light compared with previous years, the new attack underlines the continuing vulnerability of the city.

The US Embassy estimates that a Communist attack against Luang Prabang is unlikely, but US dependents have been temporarily evacuated to Vientiane as a precautionary measure. Steps have been taken to send three additional irregular battalions to the area if they are needed. King Savang is scheduled to participate in Army Day ceremonies in Vientiane today, and he presumably will press for additional military measures, including increased US air support.

This is not the first time Luang Prabang has been threatened, but the Communists are closer to the city and in larger numbers than they have been before. As in the past, the Communists could move into the city almost at will, but such a step would mark a major departure in North Vietnamese strategy in Laos. Almost without exception, the Communists have refrained from direct attack, harassment, or terrorism against major population centers in the country. It seems more likely, therefore, that the current campaign near Luang Prabang is to further Communist objectives in the countryside and to demonstrate once again to the Lao leadership the essential precariousness of their country's situation.



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COMMUNIST CHINA: The unexpected appointment of long-absent politburo member Hsieh Fu-chih to the top party post in Peking city may reflect a shift in the balance of forces in China's unsettled leadership coalition.

Hsieh was the first of a trio of important politburo members to have dropped from sight in the past year. Although the regime never openly acknowledged that he was in disgrace, Hsieh's failure to appear with other top leaders on occasions when his presence was virtually obligatory, a brief press attack on the public security system--which was under his direction--shortly before his disappearance, and persistent rumors that he had been censured at a secret high-level meeting last April all pointed strongly to his involvement in behind-the-scenes politburo infighting.

Peking's sudden announcement on Friday that he had been "elected" first secretary of the new municipal party committee in Peking therefore suggests that he has undergone a political resurrection after a concerted effort to oust him from the Chinese leadership. However, the facts that Hsieh did not deliver the major address at the municipal congress which "elected" the new party committee and that he has not yet been identified again as politburo member and minister of public security may indicate that he is not yet completely out of the political woods.

The precise reasons for Hsieh's lengthy disappearance are still obscure, but he may have been a temporary victim of "leftist" pressure within the politburo. In his position as head of public security he was almost certainly involved in an investigation which began in January 1970 to ferret out officials who had supported the ultraleftist "May 16 corps." According to Red Guard accounts, the "corps" had been backed by a number of leaders on the present politburo, including standing committee members Chen Po-ta and Kang Sheng, both of whom may have felt politically endangered by the investigation. Chen and Kang have themselves subsequently dropped from view, and rumors in Peking allege that Chen

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was censured at a party plenum last summer for organizing the "May 16 corps."

China's present politburo is composed of individuals who were often bitter rivals during the Cultural Revolution and who must necessarily be concerned with securing tenable political positions for themselves and their followers in anticipation of the death of 77-year-old Mao Tse-tung. Indirect evidence suggests that these rivalries have been extended and renewed by the process of rebuilding the nation's party and government apparatus--a process in which some of the militant ideologues who have been closest to Mao appear to have been losing ground. They seem to have been unable to form many bases of power in the reconstructed party organs which, like the new Peking committee, are led in most localities by military men and veteran officials, many of whom were once victims of political attacks inspired by radical leaders such as Chen and Kang. Indeed, the formation of party committees at the important provincial level did not begin until the disappearance of Chen and Kang.

In any case, the confirmation of Hsieh in an important party job while Kang and Chen remain sidelined suggests that the balance within the politburo has now swung in favor of a loose grouping of relative moderates which includes Chou En-lai and some of the powerful central and regional military leaders. It also raises serious questions as to the present power of Mao himself. Since he has close personal and philosophic ties with Chen and Kang, a setback to them seems to tarnish his image and suggests there are constraints on his authority.

Neither of these important leftist leaders has been denounced in public and it is possible that, given the fluid state of Chinese politics, they may be eventually "rehabilitated" much like Hsieh. Nevertheless, even their return to the limelight would not belie the impression that the "leftists" on the politburo have lost a round in the ongoing struggle and have even less chance than before to carry much political clout in the post-Mao era.

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PAKISTAN: Developments over the weekend have encouraged hopes that a political solution can be found.

President Yahya and East Pakistani leader Mujibur Rahman apparently made progress in their meetings on 19, 20 and 21 March. Another meeting is scheduled for today. Both sides are holding the results of the discussions closely, but there is speculation in the press that Yahya will give in to Mujib's demands. If so, Pakistan would remain one country, but almost all power would be in the hands of the provincial governments.

Despite these encouraging signs, the crisis is far from ended, and there is no assurance that West Pakistanis will agree to any concessions Yahya might make. A number of West Pakistani politicians, including Z. A. Bhutto, have gone to Dacca to participate in the discussions. As late as Friday, Bhutto had refused to join in what a close associate called "the conspiracy to sell out West Pakistan."

Several East Pakistanis were killed in the clash with West Pakistani troops on 19 March, and similar incidents could easily occur.



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ICJ - SOUTH-WEST AFRICA: The initial hearings before the International Court of Justice (ICJ) on the UN complaint against Pretoria's continuing hegemony over South-West Africa have recessed, with neither side retreating from its basic position.

The UN representative and associated speakers, including those from the US and the Organization of African Unity, maintain that South Africa failed to promote the well-being of the inhabitants of South-West Africa and that therefore the Security Council was entitled under the UN Charter to terminate Pretoria's territorial mandate--originally given by the League of Nations.

The South Africans' responses challenged at first the political motivations of several judges and subsequently the legality of all actions of the UN on South-West Africa from 1946 through the decision of the Security Council to submit the issue to the ICJ. The lengthy South African presentation, completed last week as the oral phase of the court's procedures drew to a close, was remarkable in its firm rejection of any shade of international obligation.

Still before the court is the proposal South Africa made in January that a plebiscite be held in South-West Africa and be "jointly supervised" by the ICJ and Pretoria. Attempts have been made to have this initiative clarified. Most UN members are not inclined to accept it at face value. They believe acceptance would concede too many important legal points and permit a plebiscite that Pretoria could manipulate.

The ICJ has declined to respond at this time to the plebiscite offer. The court contends that a response would anticipate its decision on the issues. The court is likely to write an opinion supporting the UN's termination of the mandate over South-West Africa, but Pretoria certainly will not relinquish control and probably will contend that the ICJ denied it due process.

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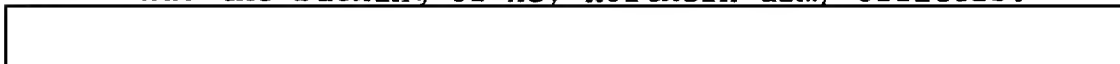
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CONGO (Brazzaville): Several southern opponents of President Ngouabi's northern-based regime have been arrested following the circulation of inflammatory tracts in Brazzaville accusing the regime of persecuting southern tribes. Ngouabi apparently viewed the tracts as part of an attempt to unite the southern tribes in order to oust his government. The arrests were ordered after the powerful southern leftists who dominate the ruling party's politburo refused to authorize a sweeping investigation requested by Ngouabi. The arrests, including that of the extreme leftist commander of the army's armored squadron, could provoke a showdown with the southern extremists. Ngouabi's defiance of the politburo indicates that the President believes he still has the backing of key northern army officers.



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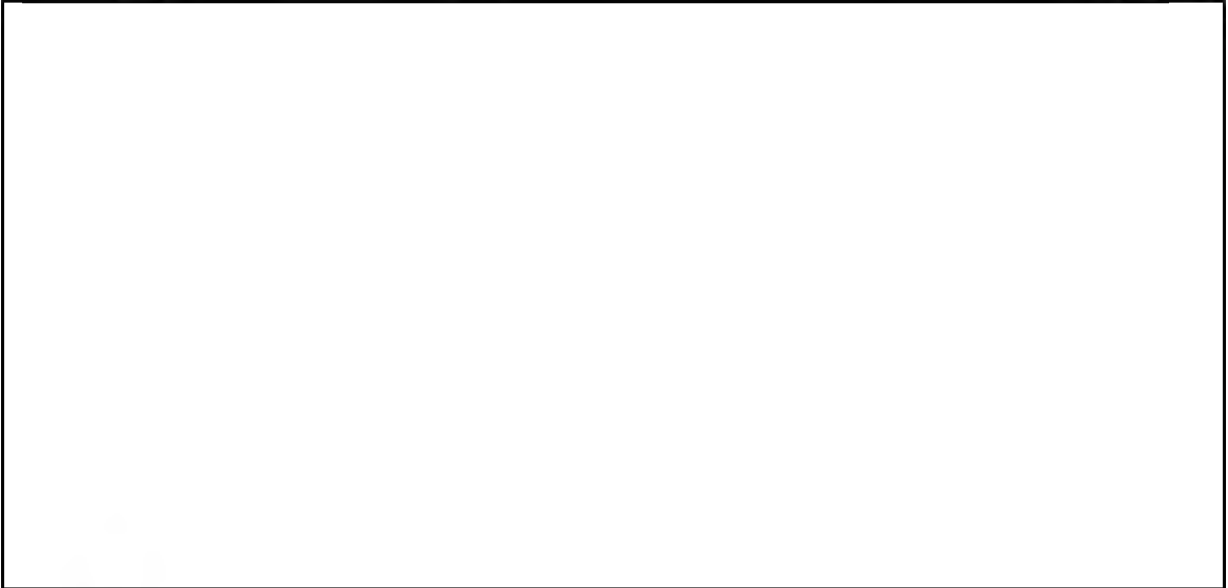
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LIBYA: An agreement between the operating oil companies and the Libyan Government was to be signed yesterday. Although details are not available, Libya reportedly received a substantial increase in the posted price of its oil but yielded to the companies' demand for a five-year agreement, renunciation of retroactive payments, and continuation of the current tax rate. Saudi Arabia and Iraq will be offered similar terms for their Mediterranean oil.



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